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Reshaping Northern Government

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Reshaping Northern Government

The Twelfth Legislative Assembly has a unique opportunity to change the way government operates in the Northwest Territories.

We have the chance to develop new Territorial and community government structures that are easier to understand and that better represent our northern styles and cultural traditions.

Everyone has talked about making government simpler and about giving greater control and responsibility to communities along with the resources to get the job done. But progress has been slow, often because of a lack of resources, motivation or determination.

This time, things must be different. The desire for change is evident across the Northwest Territories. This desire is reflected in discussions on land claims, in attempts to define aboriginal self-determination, in constitutional talks and in public expressions for a more efficient and open government.

Living Within Our Means

The first step in the process of reshaping northern government must be to ease the crippling effect of the Government's poor fiscal position by making some tough financial decisions right now at both the Territorial and community levels.

That means taking significant action in both the 1992-93 Budget and the 1993-94 Budget to reduce our large operating deficit. This deficit may reach as high as 100 million dollars in 1992-93 if decisive action is not taken. With a limited tax base in the Northwest Territories, we do not have the ability to raise enough revenue to pay the large interest costs on the borrowing that would be needed to finance these large operating deficits and the resulting debt.

The deficit reduction actions that we must take will not be easy and some of them are bound to be controversial. But many of them must be made over the next few months, and the rest of them within the next year. The Government and the Legislature must ensure that actions taken will result in the money going where it is most needed, when it is needed.

At the same time, like other governments in Canada, we must make sure government is organized so that it does business and delivers programs and services in the most efficient manner possible. Overlap and duplication must be avoided. A commitment to strong, effective government management and control at the Territorial and local levels is essential.

Streamlining Government

The Government, the Legislative Assembly and its Committees have to focus our efforts and start the process right now if we want to obtain results during the four-year term of our mandate. A stronger, more confident Northwest Territories — doing more with less — is well within our reach, if everyone is prepared to work for it.

The need for a government that people can understand and do business with has been talked about for many years. The recent report *Strength at Two Levels* confirmed this fact and provided a starting point for taking action on some of our outstanding problems.

That report says quite clearly that immediate changes have to be made and that we need to cut down on the duplication of administration, programs and services that exists between the Government, municipalities and boards and agencies. How we make those changes is up to all of us, but when we make them is no longer a matter of choice.

Decisions to carry out significant changes during the term of the Government will have to be made early. If such decisions are not made in the next few months, we will come to the end of our term of office without having made any substantive changes to administrative structures we inherited from previous Governments.

Cabinet's initial proposals on reshaping government and its programs and services were announced in December. Since the last session of the Legislature, Cabinet has been identifying the various steps involved in reshaping government, a process by which this can take place, and a time-frame for getting things done.

As a result of this review, the Government proposes to take several immediate steps:

- to improve coordination and efficiency in responding to the user-driven health and social service needs of northern residents, there will be a phased consolidation of the Department of Health and the Department of Social Services;

- to provide better coordination of matters dealing with the sentencing and confinement of offenders at the Territorial and community levels, responsibility for Corrections will be moved into the Department of Justice;

- to provide a renewed emphasis on the important linkage between education, employment and culture, all programs dealing with education, employment and culture will be moved, in phases, into one department. Cultural and educational programs initially will be consolidated;

- to gain greater efficiencies in the delivery of petroleum products and their use, responsibility for the Petroleum, Oils and Lubricants (POL) program will be moved under the NWT Power Corporation;

- other programs and services of Government Services will be consolidated under the Department of Public Works; and

- to facilitate the decision-making process, the Department of the Executive and the central agencies of government will be restructured.

Community Government Transfers

Consolidation of departments and changing the way government programs and services are delivered are only the first stages of reshaping northern government.

Government must also recognize the local way of getting things done and of the need to encourage greater community self-sufficiency with strong community governments making their own decisions on behalf of the people who elected them.

That means "community ownership" of programs and services that are controlled by local people who know the community and who can set their own funding priorities.

As a result, the Government is developing approaches and arrangements designed to provide for local control and to set the stage for Community Transfer Agreements that will provide for increased social and economic self-sufficiency at the community level as and when communities decide that they are ready to take on additional responsibilities.

The Approach

There are a number of key tasks involved in *Reshaping Northern Government*. These tasks, the processes to accomplish them, and the time-frames involved form our implementation plan.

This plan provides an opportunity for MLAs to review:

- what the Government proposes to do;
- how the Government proposes to proceed; and
- when the Government plans to provide reports on the progress of implementation and intended completion dates.

It is already very clear who should be involved in the consultations required to ensure effective completion of the plan:

Within the Legislative Assembly:

- MLAs and the appropriate Standing and Special Committees of the Assembly;
- MLAs can expect their Committees to receive scheduled reports from Cabinet and they may request additional special briefings; and
- MLAs are invited to advise Ministers informally on a personal basis;

Within the Territorial government:

- affected staff; and
- boards, agencies, commissions, and government corporations;

Outside the Territorial government:

- local governments, particularly with respect to community transfers; and
- aboriginal organizations and special interest groups, such as unions, business groups and non-profit organizations.

The reasons why we must act, and why we must act now, have been presented in considerable depth by the Government Leader and the Minister of Finance through previous statements to the Assembly.

The Government's plan — *Reshaping Northern Government* — involves more than merely selecting recommendations from the widely circulated *Strength at Two Levels* report and it involves more than simply cutting costs and implementing efficiency measures within the Government of the Northwest Territories.

Reshaping Northern Government is designed to transfer government programs and responsibility for decision-making closer to the people, so that program design and delivery will reflect more clearly the needs and traditions of the people. It involves ensuring that sufficient resources are provided for the efficient and effective delivery of programs and services and it involves planning for and co-ordinating a long-range implementation strategy.

However, since the Government's fiscal position will not permit us to accomplish all this while continuing our current practices, we must both reduce our operations in some areas and increase our efficiency in others. At the same time, we must consolidate or eliminate programs which we no longer need or cannot afford.

How the Cabinet proposes that government in the Northwest Territories and the public service, aboriginal groups, and local and community groups work together to meet these objectives is outlined on the following pages.

Reshaping Northern Government

The Implementation Plan

The implementation plan for *Reshaping Northern Government* contains three elements:

- the tasks we must accomplish;
- the process to be followed; and
- the time frame for completion.

The Government has already set forth an extensive list of general tasks it hopes to accomplish. These are:

- deficit reduction;
- program reductions;
- program integrations;
- departmental consolidations;
- rationalizations of boards and agencies;
- transfers to community government; and
- streamlining the Government's central machinery and its decision-making processes.

As well, the Government will be considering other tasks based on:

- recommendations from MLAs, Standing and Special Committees;
- the remaining recommendations from *Strength at Two Levels*;
- suggestions from aboriginal and special interest groups; and
- the concerns of the general public and public service.

Each of these general tasks can be divided into a number of parts. The Government will be working on many of these things simultaneously, and many involve various stages or phases. The proposed processes, which are different for some parts of the plan, are outlined in the detailed presentation of each part of the plan.

Some of the targeted reporting and completion dates have already been fixed, especially the earlier ones, in order to meet scheduled deadlines or system requirements. These deadlines include the prescribed sessions of the Assembly and the budget cycle dates for the preparation of the Main Estimates and Standing Committee review. Other dates and deadlines within the proposed timetable may be more flexible or will have to be adjusted, especially in the longer-term.

Deficit Reduction

The 1991-92 operating deficit is presently estimated to be 50 million dollars. If action is not taken the annual deficit for 1992-93 could rise as high as 100 million dollars, forcing the Government to borrow amounts of money it cannot afford. The Government cannot contemplate borrowing of this magnitude due to the small tax base of the Northwest Territories and the underdeveloped NWT economy.

As a result, we are proposing that:

- spending restraint be extended. This may include a continued hiring freeze for non-essential positions, and restrictions on non-essential travel. It also requires new measures to keep our salary and wage costs affordable, and to gain efficiencies in areas such as communications costs and utility and energy use;

- the efficiency and effectiveness of government operations be increased in a way that protects and promotes the Government's primary objectives. The consolidation and streamlining of government operations and programs, a review of how government facilities are used, and a review of levels of service and capital standards must all form part of the Government's overall approach;

- increasing revenues through taxation and user-pay initiatives be considered; and

- financial arrangements with Canada be reviewed. Changes to the formula financing arrangement with Canada, which is largely responsible for our current deficit problem, will

be aggressively pursued. In addition, a concerted effort is required to ensure that potential cost sharing of program expenditures is maximized and that no assistance programs are being overlooked.

Deficit reduction measures must be launched immediately if they are going to have any effect on the 1992-93 fiscal year. Failure to act decisively now will result in the Government quickly getting so much into debt that it will not be able to pay it back without drastic tax increases and large service reductions.

Program Reductions

Faced with a large operating deficit and the reality of severe financial limitations on future operations, the Government must consider program spending reductions. This should be done in a manner that will ensure there is a minimum impact on services to NWT residents, and that the fundamental objectives of the Government are not compromised.

Program savings and reductions can be achieved by:

- increased program efficiencies through improved management such as better coordination, elimination of duplication, enforcement of rules, more accountability, and improved training and support;
- increased user pay through means testing, reduced benefits, or eligibility restrictions;
- changes to the method of paying service providers, including altering fee schedules and the number of instances in which they are used;
- changes in delivery methods; and
- service reductions.

The report *Strength at Two Levels* contained numerous recommendations on how program spending could be reduced. These

recommendations encompassed both department consolidations and program specific changes. Specific program changes were recommended in Legal Aid, Medical Transportation, Student Financial Assistance, Health Services and Facilities, and Arctic College. As well as deciding whether to adopt some or all of the recommendations of that report, the Government has to review other government programs from this perspective.

It is expected that some decisions will be taken in time for the main 1992-93 Budget, while others may take up to twenty four months to complete. As each program area is reviewed, appropriate consultation will occur.

Program Integration

Program integration involves the combination and simplification of similar and complementary programs. The purpose of program integration is to:

- make programs more efficient and effective, through such methods as less duplication, better client targeting, and improved coordination;
- simplify programs and delivery methods to reduce administration and delivery costs; and
- facilitate transfer to community governments by removing barriers and complexities and identifying minimum standards.

The steps involved in program integration are:

- developing a new or revised mandate and goals for each program group to be reviewed;
- reviewing each existing program to establish whether it supports the new mandate and goals for the program group, and to identify duplication and overlap;

- identifying the basic standards associated with the programs that must be met to achieve the updated goals of the program group;

- drafting new program outlines and developing new delivery models in light of the objectives of program integration, particularly the facilitation of transfer to community governments;

- developing revised programs, including all necessary legislative, regulatory, policy and procedural instruments, which will be based on finalized program outlines and delivery models;

- determining organizational changes necessary to implement revised programs and delivery mechanisms; and

- undertaking appropriate consultation with affected parties.

To a large extent, program integration will be done at the same time as department consolidation and will follow similar time-lines. However, not all program areas will be affected by department consolidation. These other areas must be reviewed to determine where program integration is practical and desirable. This work will begin immediately as a part of the regular budget planning process and is targeted to be completed within twenty-four months.

Departmental Consolidations

The consolidation of government departments will increase the efficiency of government operations and programs. It will also provide an opportunity to integrate and simplify programs, rationalize program delivery mechanisms, and prepare the department and its programs to facilitate transfer to communities.

Consideration will be given in each proposed consolidation to how the divisions or parts of an existing department fit with the proposed mandates. Therefore, it may be that some divisions and functions within those departments identified for consolidation could be transferred elsewhere.

The Government is proposing that the initial consolidations occur in two phases. Included with the Main Estimates for 1992-1993 will be recommendations for consolidating:

- Education and Culture;
- Corrections with Justice; and
- Government Services with Public Works.

The second phase, proposed for incorporation in the Main Estimates for 1993-1994, will include consolidating:

- The Petroleum, Oils & Lubricants Division of Government Services under the NWT Power Corporation;
- Employment with Education and Culture; and
- Health and Social Services.

While some of these consolidations will be included in the Main Estimates for 1992-1993 when they are presented to the Legislative Assembly in June 1992, and other consolidations will be proposed in the Main Estimates for 1993-1994, full program and field level consolidation and integration may take an additional twelve to twenty-four months to complete.

Still under consideration are consolidations that may affect:

- regulatory functions;
- environmental responsibilities;
- design, engineering, construction and maintenance of houses, transportation, municipal and public works facilities;
- economic development responsibilities; and
- social housing policy.

In these remaining areas the Government must first decide whether consolidation is desired, whether consolidation should be as recommended in *Strength at Two Levels* or in some other manner, and in what time-frame these other consolidations should occur. It is desirable that decisions on these outstanding questions be made during 1992 to allow the consolidations to occur during the term of the current Legislative Assembly. Consultation with MLAs and affected parties should proceed rapidly to meet this time-frame.

Rationalization of Boards and Agencies

There are hundreds of government created boards and agencies involved in program delivery at the community, regional and Territorial level. These boards and agencies were created over the years to serve a variety of purposes and generally have been effective and efficient at their designated jobs.

However, some boards and agencies have completed the work they were designed to do, while time has rendered others less useful. As well, the proliferation of boards and agencies has added significantly to the complexity and cost of government, and in many cases has begun to undermine the developing role of community governments and the existing authority of Members of the Legislative Assembly.

To reduce the complexity and cost of government in the NWT, and to strengthen the role of community government and MLAs, the Government will be reviewing the need for each board and agency it has created.

This will involve:

- assessing the current mandate and function being performed by each board or agency. This process will consider: whether the mandate and function are still valid; whether the function could be performed more efficiently or more effectively in an alternate way, by a community government, or by combining the functions of two or more boards or agencies; whether the structure and size of the board or agency is appropriate and necessary; and what the impact of elimination will be on the client group;

- drafting options for eliminating, consolidating or down-sizing specific boards and agencies;

- undertaking consultation as appropriate; and

- implementing approved changes.

The review of boards and agencies has commenced and it is expected that the above process will start to yield specific proposals during 1992.

The Government supports the immediate elimination of the Board of the Housing Corporation. This will provide considerable GST savings, will allow resources presently used for Board activities to be directed towards providing additional houses, and will bring the activities of the Housing Corporation under more direct control through the budget review process.

It is expected that the review of all boards and agencies will take eighteen to twenty-four months. This review will occur at the same time as, and be complemented by, the reviews being conducted by the Standing Committee on Agencies, Boards and Commissions.

Community Government Transfers

Consolidating departments and changing the way government programs and services are delivered are only the first stages of designing a unique northern government.

The authority of communities must be recognized and resources must be transferred so that communities can make decisions about the programs and services delivered. Community governments must be able to decide for themselves what is important and what needs to be done to solve local problems.

Community Transfer Agreements will make it possible for communities to use resources transferred from other governments to assist in setting and achieving locally designed goals.

Accomplishing effective transfers to community governments will require a number of decisions about which responsibilities might be transferred, what a community government is, and which ones will be first to begin the transfer process. Once this is done, a process needs to be developed for communities to determine if they are ready and able to take on the responsibilities they want. Finally, transfer talks can be conducted and Community Transfer Agreements concluded. Completion of transfer initiatives for specific programs which are currently underway will be coordinated with this process.

The first step in the process of transfers to community governments is deciding which responsibilities might be transferred. Communities must have the greatest possible amount of control over the programs and services they choose to offer in their communities and they must be able to alter or design programs and services to meet local needs. To aid this process, the Government will ensure:

- that all programs and services will be considered "available for transfer"; and

- that resources that are to be transferred will be sufficient for communities to alter or design the programs to meet local needs and priorities.

At the same time, the Government of the Northwest Territories will have to decide what powers and responsibilities for programs and services will need to remain with Government Ministers and the Legislative Assembly.

This step should be complete by April 30, 1992. Information on programs and services and the transfer process will be presented to meetings of MLAs and community leaders by the end of June 1992.

The second step is deciding what a community government is. The Government of the Northwest Territories is a public government which must provide services to all residents. Responsibility for programs and services can only be transferred to a community group which will deliver programs and services to all the people in the community. Therefore:

- communities will be encouraged to suggest the make-up of community government structures; and

- agreement will need to be reached on definitions of community government structures within the idea of northern public government.

The groups to which the Government can transfer program and service responsibility are likely to change based on the results of land claims, aboriginal self-government negotiations and both the federal and Northern constitutional processes. Deciding what a community government is will be an on-going process.

Community governments could decide to work together by combining their authorities and responsibilities with those of other communities in geographic or cultural areas. It may well be that some facilities or services, such as hospitals, can best be delivered on a regional or area-wide basis.

The choice of whether or not to accept responsibility for programs and services will be up to each of the communities. Not all communities may feel that they are ready or want to have the responsibility for some programs or services transferred to them right now. Those communities which choose to become involved in the process may all want to choose a different group of programs or services. As well, since the Government may not be able to hold transfer talks with all interested communities at the same time, it may be necessary to decide which communities will begin the process first.

To this end:

- workshops will be held with MLAs and those communities which tell the Government that they are interested in learning more about the transfer process; and

- if there are too many communities to work with at one time, then MLAs and communities will decide which communities will begin first.

The interest among communities for taking on transfers will be reported by October 31, 1992.

The recognition of authority, designation of responsibility and transfer of resources for programs and services will require communities to make more decisions, manage more money and employ more people. Communities and the Government must plan together to make sure communities take responsibility only for those programs and services that a community is ready to handle now and that appropriate steps be taken so that a community will be able to take on all the responsibilities that it wants to in the future. A process for communities and the Government to determine what a community is able to take on will:

- be developed and conducted by the community, the MLA and the Government working together;

- identify areas where extra training or skill development are necessary before transfer can happen and how those needs will be met; and

- assess what minimum standards will have to be met.

The result will be an agreement between the Government and the community on what the community is ready and able to do. This will form the basis for developing a formal Community Transfer Agreement. Community assessments of those communities entering into transfer talks will be completed by March 31, 1993.

The final stage will be for the community and the Government to conduct transfer talks and then sign and implement a Community Transfer Agreement. Transfer talks are necessary to reach consensus on the contents of the Community Transfer Agreements and to ensure that the scope of the responsibilities and resources being transferred will permit communities maximum flexibility.

Community Transfer Agreements will contain descriptions of:

- what program and/or service responsibilities are being transferred;

- what responsibilities and authorities are being kept by the Territorial government or the Legislative Assembly;

- what minimum rules or standards the community must follow as it delivers the programs and/or services;

- what resources are being transferred, including block and multi-year funding arrangements;

- the responsibility of the community to make reports to other governments;

- how the community and the Government will decide if the programs are being delivered successfully and according to the rules;

- how problems which arise will be solved; and
- a schedule for the immediate and future transfer of programs.

The first Community Transfer Agreements are expected to come into effect on or by April 1, 1994.

Streamlining the Government's Central Machinery and Decision-Making Processes

A final step, but one which must be accomplished right away to facilitate completing the other parts of *Reshaping Northern Government*, is an examination of how the central machinery of government functions and how decisions are made. Long-range planning and coordination are key to Cabinet ensuring that government systems work effectively to both carry out political direction and serve the public.

This review of how Cabinet, the Financial Management Board and other sub-Committees of Cabinet make decisions, and how they are assisted by the central agencies and the Department of the Executive, will lead to:

- restructuring central agencies and the Department of Executive;
- improving the use of Cabinet's time by reducing both the number of meetings and the steps in the decision-making process;
- improving co-ordination to ensure Cabinet and Legislative Assembly priorities and directions are complied with; and
- increasing MLA contributions to decision-making.

The work of this part of the process is related primarily to matters which are internal to government. Nonetheless, Cabinet welcomes comments or suggestions. Should any Committee of the Assembly wish to review the recommendations Cabinet is prepared to implement, their interests would be accommodated.

This process has already led to the establishment of the Ministry of Intergovernmental and Aboriginal Affairs and may possibly lead to other changes such as:

- gathering separate Secretariats into a single unit supporting Cabinet;
- re-aligning responsibility for collective bargaining, labour relations and human resource planning with budget development;
- relocating functions such as auditing and statistics; and
- re-organizing regional operations.

Conclusion

Only by living within our means, streamlining our operations, and transferring our programs can we shape a system of government that is affordable and recognizes local ways of getting things done.

The political shape of our government is evolving and the reshaping of the organization of our government operations has begun. Together we can ensure that these processes will better serve the people of the Northwest Territories.

Anything less than a collective will to shape a shared vision of our northern government could lead to bankruptcy and the breakdown of a unique system of governing ourselves.

Realizing a shared vision, however, will require leadership and the willingness to make hard choices. In making a commitment to an open and consultative approach, our government must not give in to paralysis or to a fear of having to say "no", "go slow", or "not right now".

We must find ways to enable us to say more often that "this will work better", "this provides greater value", or "we can change this".

In reshaping northern government all of us will have to revise our expectations of government's capacity to meet everyone's needs. We must plan and manage better, to do what matters most.